

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
International Settlement Rates)	IB Docket No. 96-261
)	

COMMENTS OF SPRINT COMMUNICATIONS CO. L.P.

Sprint Communications Company L.P. (Sprint) hereby opposes the Petition for Waiver of the Benchmark Settlement Rate for Guyana filed on behalf of Guyana Telephone & Telegraph Ltd. (GT&T),¹ on the grounds that it raises no issues that have not already been raised and rejected by the FCC in its *Report and Order* in IB Docket No. 96-261 (*Benchmarks Order*).² In the *Benchmarks Order*, the FCC correctly concluded that accounting rate reform, based on cost-based settlement payments, would best stimulate global investment and innovation in telecommunications networks and would eliminate harmful competitive distortions in the market for U.S. international services. In

¹ Petition for Waiver of the Benchmark Settlement Rate for Guyana, filed by Atlantic Tele-Network, Inc. on behalf of its subsidiary, Guyana Telephone & Telegraph Ltd. (July 6, 2001) (*GT&T Petition for Waiver*).

² In the Matter of International Settlement Rates, IB Docket No. 96-261, *Report and Order*, 12 FCC Rcd. 19,806 (1997), *aff'd sub. nom. Cable & Wireless P.L.C. v. Fed. Comm. Comm'n*, 166 F.3d 1224 (D.C. Cir. 1999). As the D.C. Circuit noted in *WAIT Radio v. FCC*, petitioners must overcome a high hurdle in order to obtain a waiver by demonstrating, with particularity, that grant of a waiver would serve the public interest. See *WAIT Radio v. FCC*, 418 F.2d 1153 (D.C. Cir. 1969). GT&T has not done so here.

its Petition for Waiver, GT&T offers no evidence to refute the Commission's conclusion that market forces, rather than settlement rate subsidies, would best achieve those objectives. Nor does GT&T adequately demonstrate that the public interest would be served by a waiver of the Commission's rules.

In its Petition for Waiver, GT&T alleges that its goal of network expansion and universal service will "effectively end" unless relief from the benchmark settlement rate is granted. Despite the fact that GT&T has had four years to prepare for transition to the FCC's benchmark settlement rate, GT&T warns that, unless immediate relief is granted, imposition of the prescribed settlement rate would cause "severe disruption of GT&T's [existing] operations and interfere with network expansion."³ GT&T maintains that such relief would not undermine the policy goals identified in the *Benchmarks Order*, nor the admitted success of ongoing implementation efforts.⁴

Sprint supports the universal service objectives raised by GT&T. As the Commission concluded in its *Benchmarks Order*, however, such objectives are best achieved through neutral, transparent, market-based initiatives, rather than continued settlement subsidies to monopoly service providers.⁵ In its *Benchmarks Order*, the Commission considered and specifically refuted claims that above-cost settlement rates are justified in order to subsidize network development in lower income countries,

³ See GT&T Petition for Waiver at 15-16.

⁴ *Id.* at 23-29.

⁵ As acknowledged in its Petition for Waiver, GT&T holds a monopoly license grant for wireline local services until 2011.

particularly by monopoly-owned carriers.⁶ Instead, as the FCC correctly recognized, open and competitive markets offer a more reliable and sustainable means to finance infrastructure development.⁷ The Commission further recognized that there are several sources of alternate funding available to promote universal service objectives.⁸ Additional record evidence demonstrates that the introduction of competition in a given market rapidly increases network penetration.⁹ Moreover, the pro-competitive policies adopted in the Commission's *Benchmarks Order* are consistent with the U.S. commitments made to Guyana and the Caribbean Communities (CARICOM), which – as GT&T acknowledges -- pledge to support policies that “*foster a competitive market environment*” in order to stimulate infrastructure investment.¹⁰ In sum, market-based initiatives, rather than subsidies to monopoly carriers, are more effective means to advance universal service objectives.

GT&T acknowledges that the pro-competitive, cost-based policies adopted in the *Benchmarks Order* have been successful in meeting the Commission's objectives, noting that settlement rates and payments have dramatically decreased since implementation of the *Benchmarks Order*. GT&T also notes that global traffic has increased, as the FCC predicted. In the face of such documented success, GT&T suggests that the modest relief it seeks will not undermine the objectives set forth in the *Benchmarks Order*. Yet GT&T

⁶ See *Benchmarks Order* at ¶ 148 (disputing carriers' claims – including GT&T's – that universal service requirements be financed through settlement revenues).

⁷ *Id.* at ¶ 143

⁸ *Id.* at ¶ 145.

⁹ *Id.*

¹⁰ July, 1997 Antigua and Barbuda-Bahamas-Barbados-Belize-Dominica-Dominican Republic-Grenada-Guyana-Haiti-Jamaica-St. Christopher and Nevis-Saint Lucia-St. Vincent and the Grenadines-Suriname-Trinidad and Tobago-United States: Partnership for Prosperity and Security in the Caribbean 36 I.L.M. 792 (1997) (emphasis added).

provides no compelling evidence why it should be treated differently from other providers. GT&T suggests that it is uniquely positioned because, unlike other carriers, GT&T promises to use such subsidies to continue its network expansion efforts. Yet, as discussed above – and as demonstrated through the successful implementation of the *Benchmarks Order* – market-driven policies are a better means to advance universal service objectives.

Finally, in an effort to minimize any disruption that the transition to cost-based settlement rates may cause, the FCC adopted a phased-in approach to its new regime. In lower income countries, such as Guyana, the FCC provided a four-year period for carriers to transition to the new, cost-based scheme. By providing ample lead-in time, the FCC expressly sought to minimize disruption to then-existing plans that had been premised upon above-cost settlement rates. Now, although the FCC's *Benchmark Order* was adopted more than four years ago, GT&T alleges that any "rapid" or "immediate" transition to the Commission's prescribed settlement scheme would cause serious disruption to its network expansion and universal service plans as of January 1, 2002. GT&T has had ample opportunity to prepare for the implementation of the benchmarks regime and to secure alternative funding sources. The fact that GT&T has not done so does not provide a basis for granting the relief requested.¹¹

¹¹ Indeed, as the Commission recently noted, foreign carriers have had significant notice of the transition to cost-based settlement rates. *See In the matter of AT&T Corporation et al Petition for Enforcement of International Settlements Benchmark Rates for Service with Qatar*, DA 01-2066 (rel. Sept. 5, 2001).

For the reasons set forth above, Sprint objects to the GT&T's Petition for Waiver and asks that the Commission deny the requested relief.

Respectfully submitted,

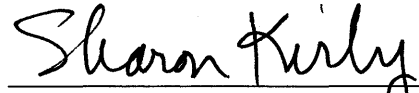
A handwritten signature in black ink, appearing to read 'S. McNeil', is written over a horizontal line.

Sprint Communications Co. L.P.
Susan E. McNeil
401 9th Street, N.W., Suite 400
Washington, DC 20004
(202) 585-1934

September 7, 2001

CERTIFICATE OF SERVICE

I, Sharon Kirby, do hereby certify that a copy of the foregoing "Comments of Sprint Corporation" in IB Docket No. 96-261 was sent this 7th day of September by electronic mail or first class U.S. mail, postage prepaid, to the following:


Sharon Kirby

ELECTRONIC MAIL:

Donald Abelson, Chief
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554
via jmann@fcc.gov

Kathryn O'Brien, Acting Chief
Telecommunications Division
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554
Kobrien@fcc.gov

Ken Stanley
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554
kstanley@fcc.gov

James Roberts
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554
Jmrobert@fcc.gov

Jackie Ruff
International Bureau
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554
Jruff@fcc.gov

Qualex International
Room CY-B402
445 12th Street, SW
Washington, DC 20554
qualexint@aol.com

Robert A. Aamoth
Kelley Drye & Warren
1200 19th Street, N.W.
Suite 500
Washington, D.C. 20036
Raamoth@kelleydrye.com

U.S. FIRST CLASS MAIL

FCC Office of Public Affairs
Reference and Information Center
Room CY-A257 Portals 2
445 12th Street, SW
Washington, DC 20554

Lloyd Soobrian
Chief Executive Officer
Caribbean Telecom, Ltd.
48 Good Luck Street
Edison, NJ 08820

Ann Marie Ladd
Fredrikson & Byron, P.A.
1100 International Centre
900 Second Avenue South
Minneapolis, MN 55402-3397